

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS)	
COMPANY, LLC AS BANKRUPTCY OPERATOR)	
OF B.T.U. GAS COMPANY, INC.)	
)	CASE NO.
V.)	2012-00028
)	
HARRY THOMPSON, THOMPSON ENERGY, ET AL.,)	
AND OTHER UNKNOWN ENTITIES)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO HARRY THOMPSON, WILON GATHERING SYSTEMS, INC.,
AND CHATTACO, INC.

Harry Thompson ("Thompson"), Wilon Gathering Systems, Inc. ("WGSI"), and Chattaco, Inc. ("Chattaco") (collectively "WGSI, et al."), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within seven days of the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

WGSI, et al. shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which WGSI, et al. fails or refuses to furnish all or part of the requested information, WGSI, et al. shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Explain when Thompson, individually, first performed any business activities in the Commonwealth of Kentucky, where these activities were carried out, and the type and purpose of the activity.

2. State Thompson's principal place(s) of business (not a post office address) in Kentucky since February 15, 2006. How long has Thompson conducted business at this location?

3. State Thompson's principal place of residence (not a post office address), and the length of this residency.

4. What is the approximate distance from Thompson's principal residence to Magoffin County, Kentucky?

5. How often does Thompson personally work in Magoffin County, Kentucky?

6. With regard to WGSII:
 - a. Explain when and under whose laws and authority WGSII was formed and under which it is currently operating.
 - b. Provide the identities of the owners of WGSII and the percentage of ownership by each party since February 15, 2006.
 - c. Provide the identities of the current officers of WGSII.
 - d. Explain whether WGSII is authorized to do business in the Commonwealth of Kentucky and when it received such authorization. If it is not so authorized, explain how it conducts business in Kentucky.
 - e. Explain when WGSII first began operations in Kentucky and describe its activities, including locations.
 - f. Explain whether WGSII currently has any contracts, leases, wells, or pipelines that concern the natural gas industry in Magoffin County, Kentucky or in a county adjacent to Magoffin County, Kentucky. If so, provide copies of any documentation that addresses this question.

7. With regard to Chattaco:
 - a. Explain when and under whose laws and authority Chattaco was formed and under which it is currently operating.
 - b. Provide the identities of the owners of Chattaco and the percentage of ownership by each party since February 15, 2006.
 - c. Provide the identities of the current officers of Chattaco.

d. Explain whether Chattaco is authorized to do business in the Commonwealth of Kentucky and when it received such authorization. If it is not so authorized, explain how it conducts business in Kentucky.

e. Explain when Chattaco first began operations in Kentucky and describe its current activities, including locations.

f. Explain whether Chattaco currently has any contracts, leases, wells, or pipelines that concern the natural gas industry in Magoffin County, Kentucky or in a county adjacent to Magoffin County, Kentucky. If so, provide copies of any documentation that addresses this question.

8. With regard to AXG, Inc. ("AXG"):

a. Explain when and under whose laws and authority AXG was formed and under which it is currently operating.

b. Provide the identities of the owners of AXG and the percentage of ownership by each party since February 15, 2006.

c. Provide the identities of the current officers of AXG.

d. Explain whether AXG is authorized to do business in the Commonwealth of Kentucky and when it received such authorization. If it is not so authorized, explain how it conducts business in Kentucky.

e. Explain when AXG first began operations in Kentucky and describe its current activities, including locations.

f. Explain whether AXG currently has any contracts, leases, wells, or pipelines that concern the natural gas industry in Magoffin County, Kentucky or in a

county adjacent to Magoffin County, Kentucky. If so, provide copies of any documentation that addresses this question.

9. Prior to February 15, 2006, explain whether any of the parties identified herein as WGSJ, et al. or AXG transported natural gas in the vicinity of either of the two pipelines identified in Agreement A or Agreement B, attached as Exhibit 1 to the January 18, 2012 Complaint of Kentucky Frontier Gas Company, LLC ("Complaint"). If so, identify the pipelines that were used and provide details of the parties involved and the transactions in which they participated.

10. Explain when Thompson, WGSJ, Chattaco or AXG first began doing business with Richard Williams or Pamela Williams, individually; B.T.U. Gas Company, Inc. ("BTU"); or, with any other entity that either Richard Williams or Pamela Williams was or is associated with, owns, controls or manages. Describe the details of any such business relationship(s).

11. The first "Agreement and Bill of Sale" ("Agreement A") between BTU and WGSJ included in Exhibit 1 to the Complaint states in pertinent part:

Whereas, WGSJ has advanced to BTU funds to construct and lay a gathering pipeline in Magoffin County, Kentucky from P&R Trust property located on Craft Creek and running across the easements of Alvin Minix, Greg and Manuel Minix, Paul Bailey and Carl J. Howard; thence along the bank to the railroad and following the railroad track along the Howard property to the Carver Church across Rob Minix and Paul Bailey properties; thence leaving Travis Shepherd property, Hager Minix, Patrick property, Ronald Minix, Franklin Bailey, Tommy Frazier, Larry Lee Arnett, R.C. May, and Willard Bailey to the compressor station located on the James Edgar Arnett property.

a. Explain whether the above description refers to what is sometimes identified as the "Oakley" system.

- b. Provide the total cost of construction of this pipeline.
- c. Explain when WGSJ advanced the funds to BTU for construction of this gathering pipeline and how the payment was made. Provide proof of WGSJ's payment for and purchase of the pipeline.

12. Refer to Agreement A, signed by Pam Williams as President of BTU; Thompson, President of WGSJ; and Stacy Dodd ("Dodd") as notary public, Hamilton County, State of Tennessee.

a. Provide the physical address (i.e. not a post office box) where this document was signed by Pam Williams and Thompson. If the address is not the same for both, provide each address. List all who were present when Thompson signed this document.

b. On page 3 of Agreement A, immediately preceding the first signature of Dodd, the following language appears:

On this 15th day of February, 2006, before me a Notary Public in and for said state and county, personally appeared Pam Williams, President of B.T.U. Gas Company, Inc. known to be the person who executed and delivered the within Agreement and Bill of Sale and acknowledged to me that she executed the same for the purposes therein stated.

The same language (including "she") appears above the second signature of Dodd on this page with only "Harry Thompson, President of WGSJ Gathering Systems, Inc." substituted for "Pam Williams, President of B.T.U. Gas Company, Inc."

(1) Explain whether either Pam Williams or Thompson actually signed this document in the physical presence of Dodd.

(2) Explain who had physical possession of this document between February 15, 2006 and October 28, 2011, and where it was located.

(3) Agreement A does not contain any indication that it was ever officially recorded. If it was recorded, provide a copy of the recorded document.

13. The Second Agreement and Bill of Sale ("Agreement B") between BTU and WGS I included in Exhibit 1 to the Complaint states in pertinent part:

Whereas, WGS I has advanced to BTU funds to construct and lay a gathering pipeline in Magoffin County, Kentucky from the Mountain Parkway, along State Route 30 to the Middle Fork School a distance of approximately four (4) to five (5) mile, and

- a. Explain whether the above description refers to what is sometimes identified as the "Hendricks" segment.
- b. Provide the total cost of construction of this pipeline.
- c. Explain when WGS I advanced the funds to BTU for construction of this gathering pipeline and how the payment was made. Provide proof of WGS I's payment for and purchase of the pipeline.
- d. Explain when and where Thompson, as President of WGS I, signed Agreement B.

14. Page one of Agreement B appears to contain the signatures of Pam Williams, as President of BTU, and Harry Thompson, as President of WGS I. Page two of this document appears to contain the signature of Dodd, as Notary Public, Hamilton County, State of Tennessee. Language in the paragraph immediately preceding Dodd's signature only contains the name of Pam Williams, as President of BTU.

- a. Explain why Thompson's signature was not notarized.
- b. Explain whether Pam Williams and Thompson signed the document in the same place and at the same time.

c. Provide the physical address (i.e. not a post office box) at which Agreement B was signed by Pam Williams and Thompson. If the address is not the same for both, provide each address.

d. Identify the individual who witnessed Thompson's signature on Agreement B.

e. Identify where Agreement B was located between February 15, 2006 and October 28, 2011.

15. Agreement B contains a smudged mark at the end of the document, with hand writing over parts of the mark, which appears to indicate that it was recorded. If Agreement B was recorded and Agreement A was not recorded, explain. Provide a clear copy of Agreement B.

16. Prior to the construction and purchase of the two pipelines identified in Agreements A and B, explain whether there were natural gas pipelines already in existence in the same two locations. If so, describe the ownership of these pipelines and explain whether WGSJ considered using the existing pipelines.

17. Prior to the construction of the pipeline described in Agreement A, explain what pipeline was used to provide natural gas to the former Hendricks Middle Fork School.

18. In Paragraph 10 of their response to the Complaint, WGSJ, et al. admits that 31 BTU customers attached to the "WGSJ Pipelines" have been provided free natural gas since July 2011.

a. Identify which "WGSJ Pipeline" is being utilized for this purpose and identify the source of the gas.

b. Explain whether the pipeline being used to provide gas service to these 31 BTU customers is the same pipeline described in Agreement A.

19. Both Agreements A and B state that "BTU shall have the right to transport its natural gas through the said gathering pipeline to its customers and provide WGSi an accounting for such natural gas transported."

a. Explain when BTU first transported natural gas through each of the two pipelines identified in Agreements A and B.

b. Explain how often BTU used either pipeline for its own purposes.

c. Explain whether WGSi received an accounting of the natural gas transported by BTU, and whether the accounts were in written form. If so, provide copies of the accounting provided by BTU.

d. Explain whether WGSi independently verified the amount of natural gas transported through its pipelines by BTU. If not, explain why.

20. Provide: (1) the total amount that BTU paid WGSi for using the pipelines identified in Agreements A and B; (2) the date(s) payments began; and (3) the frequency of payments made to WGSi by BTU.

21. Describe how the cost to BTU was calculated.

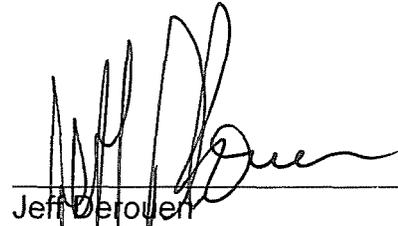
22. Provide all documentation showing proof of payments made by BTU to WGSi for its use of these pipelines.

23. Explain whether WGSi has permitted any entities, other than BTU, to utilize its pipelines. If so, identify those entities.

24. If the pipelines identified in Agreements A and B were constructed for WGSi in 2006, explain which pipelines were used prior to that time by BTU to provide

natural gas in the Middle Fork School section and to the 31 BTU customers who are currently being provided free gas.

25. Explain whether WGS, et al. is aware that facilities identified by the Commission as utility facilities cannot legally be transferred to another party without the Commission's approval.



Jeff Derouen
Executive Director
Public Service Commission
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DATED MAY 21 2012

cc: Parties of Record

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